

10 TIPS FOR SPREAD BETTING BEGINNERS



Understanding the difference between Spread betting and other types of betting

The main difference to remember between fixed odds betting and spread betting is that with fixed odds betting your potential profit or loss is 'fixed' by the odds offered by the bookmaker.

However, with Spread betting your potential profit or loss can be many multiples of your original stake size.

Fixed Odds Example: If you were to place a £100 bet on a horse to win the Derby at 4-1 your potential return would be fixed at £500 (including the return of your stake) and your potential loss would be fixed at £100.

Spread Betting Example: If you were to place a £10 spread bet on the UK100, buying at 7000 then you would return a profit of £10 for every point the UK100 rose but if the UK100 went down then you would lose £10 for every point it was less 7000.

In fixed-odds your potential winnings (and the amount you may lose) is fixed and known at the time the bet is struck. In spread betting, the amount you may win or lose will vary according to how right or wrong you are compared to our prediction. So unlike fixed-odds, the more right you are the more you win and the more wrong the more you can lose.

With spread betting you can put stops in to ensure your losses are limited. For example, if you are buying at £10 per point and have a stop loss of 10 points, you stand to lose £100 if the trade goes against you. So by using stop losses and limits you can limit your losses and maximise your profits. For more information please see point 7 in the guide below.

Spread Betting does have similarities to exchange betting. A trade or bet can be closed early to lock in profits or limit losses. With a spread bet you buy if you think a share will go up as you would back on the exchange if you think a horse will win.

In Spread betting you can sell a share if you think it will go down as you would lay a horse if you think it will lose.

If you have any question please do not hesitate to contact our support team on +44 (0) 20 7170 0942 or open Live Text Chat.

BETTING BEGINNERS

1 – SELECT THE RIGHT PARTNER

Before you start spread betting, it's critical to select the right trading partner. There are many things to consider when choosing the right company. You might think that the tightest spreads means that company is the best but, if the platform is difficult to use and the execution of your trades is slow, your chances of trading success will be impaired.

Tradefair, a worldwide leader in online trading, offers you competitive spreads across over 3,200 markets, an outstanding execution record and access to an award-winning trading platform. Pair that with the very best in customer service and a vast library of educational resources at your fingertips and choosing the right partner just got a whole lot easier. [Click here](#) to find out more.

Questions about spread betting? Let Tradefair's award-winning Customer Service specialists answer your trading questions and set you up with an account and the trading tools to meet your needs. Call us on +44 (0) 20 7170 0942 or open a Live Text Chat now!

2 – LEARN THE PRODUCT?

It's important to educating yourself about spread betting before you start trading. There are a number of factors that make spread betting distinctly different to other forms of trading, such as:

- The chance to profit from the price movements of a particular market/s without having to purchase the physical asset; such as share trading
- The opportunity to profit from both rising and falling markets - The ability to trade on margin, allowing you to take an immediate position with only a small portion of its total value – sometimes as low as 0.5%

Take the time to study both the opportunities and risks associated with spread betting before you risk real capital. Tradefair Markets has a wide range of educational materials, including free guides, video tutorials and webinars to help you navigate your way to a successful spread betting strategy – [click here](#) to find out more.

3 – MAKE A PLAN AND STICK TO IT

Creating a trading plan is a critical component of a long and successful spread bet record. It should include your profit goals, risk-tolerance level, methodology and evaluation criteria. Once you have a plan in place, make sure each position you consider falls within your plan's parameters, as you are most rational before you place your trade and most irrational once your trade is live.

4 – PRACTICE

We can't give you a license to trade, but we can help you get plenty of practice before you try it for real. Put your trading plan to work in real market conditions with a risk-free spread betting practice account. You'll get a chance to see what it's like to spread bet in real market conditions and you can take your trading plan for a test drive — without risking your capital.

Tradefair offers free, no-risk practice accounts so you can get a feel for the markets and our trading platforms. [Click here](#) to get your free £10,000 demo account, and start practicing today!

5 – KNOW THE “WEATHER” CONDITIONS

Successful spread bettors are always aware of the market conditions when placing a trade. Fundamental traders prefer to trade based on news and other financial and political data. Technical traders prefer technical analysis tools such as Fibonacci retracements and other indicators to forecast market movements. Some use a combination of the two. No matter what your style, it's important to know how to use technical and fundamental tools to help you find potentially profitable trading opportunities.

6 – KNOW YOUR LIMITS

It's a critical aspect of smart spread betting: know your limits. Know much you are willing to risk on each trade; how to set your leverage ratio in accordance with your needs and expectations, keeping in mind that leverage can both help and hurt you, and never risk more than you can afford to lose. Learn to manage the size of your positions and how much leverage to use based on your trading goals. And always make sure you have enough capital to trade another day. To learn more about managing your risk watch our video [here](#).

Spread Betting involves high risks, with the potential for substantial losses and is not suitable for all persons. The high degree of leverage can work against you as well as for you. Past performance is not necessarily indicative of future results.

7 – KNOW WHERE TO STOP ALONG THE WAY

Stop and limit orders can help manage risk and protect potential spread bet profits by helping you get in or out of the market at specified prices. With Tradefair you can even place trailing stops, which trail your position at a specific distance as it moves, helping to protect any profits should the market reverse. Learn more about risk management by checking out our Videos and Tutorials [here](#).

Questions about risk management or developing a trading plan? Speak with our Customer Services team on +44 (0) 20 7170 0942 or open a Live Text Chat now!

Slippage on all stop orders is possible during times when Tradefair is closed, around fundamental announcements, and times of extreme market volatility. Slippage relates to orders being filled at a price which is worse than the stop price requested by the customer.

8 – CHECK YOUR EMOTIONS AT THE DOOR

“Revenge trading” rarely ends well. Don’t let emotion get in the way of successful spread betting. How do you overcome emotion? Understand your tendencies and personality traits so you can combat your weaknesses and maximise your strengths more effectively. Stick with your strategy. When you have a losing trade, think very carefully before you try to win it all back in a single trade. It might be smarter to make it back a little at a time rather than being stuck with two crippling losses.

9 – SLOW AND STEADY...

One key to trading is being consistent. All great spread bettors have lost money, but as long as they maintain a positive edge, they may still come out a winner overall. Educate yourself, stick to your trading plan, manage your risk and practice discipline and patience.

10 – NEVER BE AFRAID TO EXPLORE A NEW PATH

Although consistency is important, don't be afraid to re-evaluate your trading plan if it's not working for you. As your spread betting experience grows, your needs may change. Your plan should be a reflection of your goals, so if your goals or financial situation changes, so should your plan.

Ready to get started? Open a spread betting demo or a live account today! Or feel free to contact us on +44 (0) 20 7170 0941 or via Live Text Chat. We're here and ready to answer your trading questions.

Good Luck with your trading

Warning: Our services include products that are traded on margin and carry a risk that you can lose more than your initial deposit. The products may not be suitable for everyone - please ensure you fully understand the risks involved.

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